

Meeting Summary DNR Clean Air Act Task Force January 6, 2000 -- Madison, WI

Participants: Gary Van Helvoirt, WI Public Service Corp.; Ed Wilusz, WI Paper Council; Pat Stevens, WI Manufacturers & Commerce; Chris Kocaja, Mann Bros.; Kris McKinney, WI Electric Power Co.; Ken Yunker, Southeastern Wisconsin Regional Planning Commission; Tom Walker, WI Transportation Builders Association; Rob Kennedy, Citizens for a Better Environment; Peter Beitzel, Metro Milwaukee Association of Commerce; Lou Skibicki, RTP Environmental Associates; Bob Fassbender, Hough Fassbender Osborne & Associates; Jeff Schoepke, office of Governor Thompson; Martin David, UW-Madison; Jeff Agee-Aguayo, Bay-Lake Regional Planning Commission; Harold Frank, Dairyland Power Cooperative; Kathleen Standen, Alliant Energy; Jim Albrecht, STS Consultants; Jim Beasom, Appleton Papers Inc.; Randy Robinson, Doug Aburano and Michael Leslie, USEPA Region 5; Rob Sherman, Kraft Foods; Sally Jenkins, Public Service Commission of Wisconsin; David Donovan, Northern States Power Co.; Todd Palmer, DeWitt Ross & Stevens, S.C.; Michael Ricciardi, Madison Gas & Electric Co.; Michael Allen, Stafford Rosenbaum Rieser & Hanson; Marc Bentley, WI Motor Carriers Association; Dave Kluesner, International Paper; Keith Reopelle, Wisconsin's Environmental Decade; Kendra Bonderud, Legislative Fiscal Bureau; John Stolzenberg, Legislative Council; Preston Schutt, John Etzler and Neil Howell, WI Dept. of Administration Energy Bureau; Carol Cutshall, Carolyn Amegashie, Pat Trainer, Steve Hirshfeld, Dennis Presser and Joe Conduah, WI Dept. of Transportation; Lloyd Eagan, Anne Urbanski, Larry Bruss, Bob Lopez, Anne Bogar, Chris Bovee, Mike Friedlander, Tom Karman, Dennis Koepke and Muhammed Islam, DNR Bureau of Air Management; Sue Hill and Jerry Medinger, DNR Southeast Region.

Handouts: 1-Hour Ozone SIP Development - Schedule/Milestone Update (Lopez); Rate of Progress (ROP) analysis (Koepke); Stationary Point Source NOx Emissions - 1995 (Karman);

Next meeting: Thursday, February 3, 2000, 9:30 a.m. - noon., Room 027, GEF 2 Bldg., 101 S. Webster St., Madison, WI (*note new date, time and location*).

Please note: *As of January 2000, Clean Air Act Task Force meeting notices, summaries and related materials will be posted on the Air Management program's webpages. For the most up-to-date information about Task Force activities please visit the web page <http://www.dnr.state.wi.us/org/aw/air/hot/eventscal.htm>. If you can't print out these materials or don't have web access, you can obtain hard copies by contacting Anne Urbanski at 608-267-0573 (e-mail urbana@dnr.state.wi.us).*

Discussion

Lloyd Eagan asked Anne Urbanski to put the web address in the minutes so that participants would know where to find meeting materials on the DNR's website (see note above).

Approval of January 6, 2000 agenda: Eagan asked to make some minor adjustments to the agenda. Bob Lopez should talk about the consolidated working schedule for 1-hour ozone SIP development before Tom Karman discusses the stationary source NOx reductions. There were no objections to this change.

Approval of December 6, 1999 meeting summary:

- Eagan said she had some news related to the December 6, 1999 meeting summary. At that meeting the Task Force discussed the NOx waiver. Since that time DNR staff have talked with EPA staff about how to interpret the NOx waiver language. Based on those discussions, the department now believes that it can selectively implement NOx control programs without jeopardizing the NOx waiver. Thus the department could implement NOx controls on large stationary sources and not have to implement NOx controls on all other sources; it would have to submit modeling to show attainment of the ozone standard using the selected controls. This interpretation is different than what DNR presented at the December meeting.
- Ken Yunker asked to clarify his remarks on page 4 of the summary. The summary should have read, "Ken Yunker said that SEWRPC is concerned that if current or future transportation emission projections from SEWRPC exceed that budget, local and state government highway and transit improvement projects will be stopped dead at any phase."
- Also, Kendra Bonderud noted, by e-mail, that the summary incorrectly lists her affiliation; she is with the Legislative Fiscal Bureau, not the Legislative Audit Bureau.

No other comments were made, and the summary was approved. Eagan noted that DNR Secretary George Meyer reads the meeting minutes in detail and appreciates our stakeholders' concerns. He wants to assure them that in the upcoming interstate ozone negotiations he will personally secure the necessary interstate agreements to get Wisconsin enough ozone or emission reductions from other states to support our attainment demonstration. If we can't negotiate these reductions voluntarily we will file a s. 126 petition. Pat Stevens said he found it difficult to reconcile making agreements on ozone transport when the outcome of pending litigation on the NOx SIP call is unclear. Larry Bruss responded the attainment demonstration is being done for the entire Lake Michigan region, so Wisconsin needs to make emission reductions to reduce its own local ozone problems as well as any ozone problems it causes downwind (primarily in Michigan).

One-hour ozone SIP development -- Bob Lopez said the development schedule had slipped a little; the draft green sheet package for the phase 3 submittal will go to the Natural Resources Board in April 2000, not March, for approval of public hearings, and we now hope for NRB approval of the rule package in September, rather than August. Ed Wilusz asked about the difference between NOx RACT (reasonably achievable control technology) and the possible control program for large NOx point sources; Lopez replied that a NOx RACT rule would be more targeted geographically, as Tom Karman would explain later. The structure of a large point source NOx program would depend on whatever interstate agreements are eventually struck. Lopez noted that Larry Bruss will present a full-day introduction to ozone modeling workshop on Monday, January 31; this is not a Task Force meeting and anyone interested is invited to attend (see web Calendar of Events for details). The NOx waiver will not be discussed at this workshop. Kris McKinney asked when DNR planned to discuss whether the NOx waiver would remain or go away; Lopez said probably not until the February 17 Task Force meeting. At the February 3 Task Force meeting we will focus on the outcomes of the current modeling runs; other topics will include the eight-state dialog process, a short update on RACT, concepts for a large source NOx control program to address regional ozone transport, and possible shape of an eight-state NOx control program. The February 17 meeting will focus on how to refine the SIP strategy, while the March 3 meeting will center on the draft SIP rules package. Discussion of the draft SIP package must be completed by approximately March 20, when the draft rules package will be mailed to the Natural Resources Board members for review prior to the April NRB meeting.

Stationary source NOx RACT development -- Tom Karman said that thanks to some new input from EPA, DNR staff are now trying to broaden the scope of possible NOx control programs. A NOx RACT program becomes more likely if EPA revokes the NOx waiver in southeastern Wisconsin. The Clean Air Act Amendments of 1990 require that Reasonably Available Control Technology (RACT) be applied to existing NOx emission sources in the ozone nonattainment counties based on potential-to-emit. RACT is the level of control that can be achieved in a cost-effective manner, based on the specific type of emission source. Cost-effectiveness depends on the type of unit being controlled; the general range is \$200 to \$1,300 per ton reduced for most types of sources, however for electric generating units (EGUs) that figure is closer to \$2,000/ton. By comparison, RACT for VOC sources was close to \$10,000/ton. Tom Walker suggested that if the NOx waiver is revoked, NOx RACT becomes mandatory (rather than optional if the waiver remains), so that would imply DNR should wait to develop a NOx reduction strategy until after EPA has made a decision on the waiver. Eagan replied that EPA would judge Wisconsin on its attainment demonstration, regardless of whether or not the NOx waiver remains in place. Karman handed out a table showing the current status of rule development on NOx reductions in other states. All of these efforts are being geared toward attainment of the one-hour ozone standard. Kris McKinney pointed out some inconsistent figures in the handouts; Karman said he had developed the chart only a few hours earlier and would appreciate assistance in making sure the figures are accurate (note: corrected chart is posted on website). Another table showed the rate-of-progress impact of NOx reductions from potential RACT sources in Wisconsin nonattainment counties. EGUs accounted for 90% of 1995 NOx emissions in those 9 counties. The table included a list of sources whose emission thresholds (25 tons/year in the severe nonattainment area, 100 tons/year in the moderate nonattainment area) would make them eligible for NOx RACT; this includes 74 boilers. Other possible source categories are asphalt plants, metal and glass furnaces, and processes and internal combustion engines. NOx RACT reductions from sources on the list would be 104 tons/day during the ozone season. A third overhead indicated that EGUs account for 65% of Wisconsin NOx emissions outside the nonattainment areas. If applied statewide, NOx RACT would affect 1,177 boilers and 1,260 other sources. Dave Donovan asked whether DNR would attempt to assess culpability for ozone problems based on distance from the nonattainment areas, or to judge whether sources outside nonattainment areas will be subject to NOx controls; Bruss said CAMx modeling will be used to examine

the impact of the identified sources' NOx emissions on ozone nonattainment areas in the Lake Michigan region. Lopez noted that the attainment demonstration must show that the one-hour ozone standard will be attained and maintained throughout the four-state region; responding to Ken Yunker, Lopez said Illinois has to do the same kind of analysis. Bob Fassbender asked at what point the DNR would "draw the line" on culpability; Eagan said this would happen soon.

Lopez asked Karman to outline the stakeholder process from now on. Karman said DNR staff will develop analyses of NOx RACT and other options and present this information to the NOx Technical Advisory Group for their evaluation. Around January 10 to 15, DNR will ask stakeholders to quality-assure technical drafts of information and review control techniques and costs, types of monitoring techniques and their costs and likely use (this information will be posted on DNR's website). Karman will ask for written feedback by February 1 and hold a NOx TAG meeting shortly thereafter. Based on comments received DNR will structure some straw proposals for review during February, with the goal of having a solid draft by March 9. Lou Skibicki asked whether NOx RACT reductions would enable Wisconsin to show attainment of the one-hour ozone standard, and if so, would additional rules be needed later on to achieve more reductions to meet the 8-hour ozone standard. Eagan replied that if the 8-hour standard becomes enforceable and the state did not meet that standard based on reductions made for one-hour attainment, DNR would need to ask for additional NOx reductions to meet the 8-hour standard. Skibicki said DNR needs to mesh its NOx reduction requirements so that industry does not have to install a second round of controls. Eagan said that while DNR would prefer not to come back for additional controls, we have to operate within the current legal structure, in which only the one-hour ozone standard is currently enforceable, but DNR and the Task Force could consider recommending voluntary reductions that go beyond the RACT requirements. Kathleen Standen asked if DNR would use a rule or a separate mechanism to enable such voluntary reductions; Eagan replied that one currently available mechanism is the Cooperative Environmental Agreement program. Lopez noted that DNR is committing to a mid-course correction in 2003; however the better our December 2000 submittal shows attainment, the less likely it is that additional rules will be needed in 2003. Karman said the emission reduction totals in his presentation are very close to the amount Wisconsin would have seen through the NOx SIP call.

Vehicle Inspection/Maintenance cutpoints -- Mike Friedlander said the Task Force last heard about this topic at the May 1999 meeting; however the Mobile Sector Technical Advisory Group is now on draft 7 of its white paper on this issue. DNR proposes to work through the existing I/M workgroup (a.k.a. "Work Group 5") and expand that to include appropriate stakeholders and repair technicians. The MSTAG identified several significant issues: how NOx I/M cutpoints will interface with on-board diagnostic (OBD) testing; phase-in of cutpoints based on model years being tested; phase-in NOx cutpoints option; emission reductions calculations; updating technician training; revising projected fail rates based on newer data; and analyzing cost effectiveness (cost/ton). Friedlander mentioned regulatory coordination between DNR (which administers ch. NR 485, the rule requiring vehicle I/M) and Wisconsin DOT (which administers ch. TRANS 131, the rule that implements I/M). Jeff Agee-Aguayo asked if augmented I/M training would include the moderate (and formerly marginal) nonattainment counties; Jerry Medinger replied that Sheboygan County has always been including in I/M training plans. Pat Stevens asked about the approximate cost of I/M NOx reductions; Friedlander said the figure is about \$2,000 per ton of NOx reduced, not correcting for reduced cost through OBD. DNR estimates I/M will account for 2,000 tons of NOx reductions during the 2003 ozone season. Once the MSTAG has finalized the figures, Friedlander will publish them on the DNR website. Ken Yunker asked who would be included in the "expanded set of stakeholders" for Work Group 5; Friedlander said the group could be expanded to include mobile sector stakeholders from the MS TAG as well as representatives of the repair technicians. This proposal is one option being considered for the seven nonattainment counties that currently have vehicle I/M.

EPA's proposed conditional approval for Wisconsin's phase 2 SIP submittal -- Eagan said that on December 16, 1999, WDNR received the Federal Register notice in which EPA proposed conditional approval of our phase 2 State Implementation Plan submittal of April 1998. EPA will propose final approval of the submittal once Wisconsin has fixed certain deficiencies, including submitting a final SIP for attainment and adopting necessary attainment rules and rate-of-progress rules by December 2000. This means that DNR needs to select a control strategy consistent with the modeling attainment strategy developed before April 1998, and adopt a transportation conformity budget consistent with the selected control strategy. DNR has scheduled a public hearing in Milwaukee on February 4 to go over several elements that we need to submit to EPA to correct those deficiencies. This step is necessary to show DNR is cleaning up its 4/98 submittal; however, it does not lock Wisconsin into any decisions to

be made later this year for the final attainment demonstration submittal due in December 2000. Ken Yunker asked whether SEWRPC and other agencies will be required to demonstrate that they are implementing transportation items identified in DNR's selected control strategy. Mike Leslie of EPA said the selected control strategy is actually the 1993 15% VOC reduction plan. Yunker said the public hearing notice for the February 4 hearing mentions "long range transportation planning," language that was not included in the 15% plan SIP. Eagan replied that this language is not a real issue. DNR's April 1998 submittal said we could use either LMOP control strategy 2 or LMOP control strategy 4, but didn't specify either one. It was not DNR's intent then to implement the Employee Commute Options program, which was a real program at the time of the 15% plan submittal, but was revoked in 1996. The February 4 hearing is largely to address bureaucratic deficiencies EPA found in our submittal. Tom Walker said this would be true if the transportation emissions budget was not real; however the emissions budget is real. Eagan said the January 18 Transportation Conformity Group meeting would discuss Walker's concern in detail. Bruss said Yunker had posed a good question to ask EPA: We made certain assumptions in each possible strategy; if we select strategy 2, will those assumptions become enforceable? Eagan reiterated that DNR was not trying to implement a new ECO program, just to submit whatever will enable EPA to approve our April 1998 submittal. Yunker said that if a voluntary plan was going to be made mandatory, local governments would need to know about that before the February 4 hearing. Eagan noted that the 1998 submittal also did not include "non-CTG RACT" rules for categories such as plastic parts coating and industrial cleanup solvents; these rules now must be adopted. Also Wisconsin must commit to a mid-course review by 12/2003 and build a public consultative process into that review.

As far as the NOx SIP call pertains to the phase 2 submittal, Eagan said, states must adopt rules for all control programs inside the area they model. The Lake Michigan modeling domain extends west to Madison, north to Door County, east to Lansing, MI, and south to approximately 50 miles south of Chicago, and a state may take credit for NOx SIP call reductions from outside its modeling domain. Fassbender asked for clarification from EPA about what kinds of rules must be adopted. Bruss replied that the state must submit rules concerning all control programs that we assume contribute to attaining the ozone standard inside the modeling domain. LMOP strategy 2 included all Clean Air Act requirements already adopted, federal control measures and Wisconsin's 15% VOC reduction plan for point sources, and a list of area source rules already in place. The only new item in the submittal was the non-CTG RACT rules, which have not yet been adopted. Eagan noted the Employee Commute Options program mentioned in LMOP strategy 2 is no longer in effect; in 1996 it was transformed into the Wisconsin Partners for Clean Air program in southeastern Wisconsin. DNR needs to change the ECO reference to Wisconsin Partners in the final "clean-up" submittal. Yunker asked if DNR's submittal assumed that regional transportation plans were implemented; Eagan said she would have to look into that.

Eagan said strategy 4 includes all strategy 2 components, plus some additional point and area source rules, improved rule effectiveness (higher compliance rates), California Low Emission Vehicles, CA LEV-specific I/M, and phase 2 reformulated gasoline. Only two sets of modeling results passed the attainment test: strategy 2, which assumes not more than 60 ppb ozone coming in at the modeling boundary, and strategy 4, which assumes not more than 70 ppb coming in at the boundary. Eagan emphasized that DNR's goal is to clean up our 1998 submittal so that EPA won't disapprove it; the department is NOT talking about implementing additional controls as a result of the February 4 hearing. The kicker is that the transportation conformity budget becomes real (enforceable) as soon as EPA approves it. The transportation sector will have to live with this conformity budget until the final, phase 3 (12/2000) proposal is approved. Ed Wilusz suggested that Wisconsin ought to be able to clean up its phase 2 submittal, get that approved, then pull it off the shelf and resubmit it to EPA in December; does DNR have to meet a different test for phase 2 than phase 3? Bruss said the two submittals are based on totally different modeling efforts. The 4/98 phase 2 submittal was based on modeling done in 1993, which was the best information we had available at the time. We were using a different model in 1993, with different parameters. Ed Wilusz asked why DNR was making changes to make it harder for Wisconsin to pass the attainment test. Eagan replied that the changes were made to provide the best scientific support for Wisconsin's modeling demonstration. The earlier modeling indicated VOC controls would reduce peak ozone concentrations. Later modeling, beginning with the OTAG effort, showed that controls on NOx emissions would be the best way to reduce regional ozone background levels. Reducing regional NOx levels will reduce DNR's need to hit local VOC sources for more reductions. And, key to the current modeling, is DNR's desire to make the case for NOx reductions outside Wisconsin. DNR wants scientific documentation to support any section 126 petitions the department may decide to file. In April 1998 the NOx SIP call had not happened yet, so DNR could not assume any reductions from that yet; however DNR did assume a boundary ozone transport condition based on monitored ozone concentrations. Bob Fassbender asked

what boundary conditions the state could use to respond to the NOx SIP call, if that is reinstated; Eagan said 60 ppb. Fassbender said this must mean that if the SIP call is reinstated, we can assume 60 ppb ozone at the modeling boundary plus strategy 2 controls. Eagan said the newest modeling results will be presented at the January 31 modeling workshop. As of today's meeting, DNR staff had not yet nailed down exactly which boundary conditions and regional vs. local NOx controls would meet the attainment test. Randy Robinson of EPA said that the uncertainty about boundary conditions figured into EPA's decision to give a conditional approval to the April 1998 submittal, rather than final approval, which would require better modeling. Lopez noted that the extent being modeled is much larger now than 5 years ago, and modeling programs are much more sophisticated and accurate. Fassbender asked if DNR shouldn't be assuming 60 ppb boundary conditions for both the phase 2 and phase 3 submittals; Robinson replied that EPA says states can assume "SIP-call level reductions upwind," but not specifically a 60 ppb boundary condition.

Ken Yunker said SEWRPC is concerned with the conformity budget being submitted to correct the Phase 2 deficiencies. SEWRPC and its members are also concerned because the submittal includes not only emission budgets but also appended Vehicle Miles Traveled (VMT) projections for automobiles and trucks. Will southeastern Wisconsin have to live with this budget as well? Also, the VMT projects assume that emission reductions based on an ECO-type program, however the Partners for Clean Air doesn't contain much in terms of reducing VMT voluntarily. Wilusz asked EPA staff if the phase 2 submittal would not be approvable as a phase 3 submittal; Robinson replied, no, it would not if it was a repackaging of the 4/98 submittal. Pat Stevens said he thought there were strong reasons for Wisconsin to include NOx SIP call reductions in the 12/2000 attainment demonstration. Bruss replied that if Wisconsin takes credit for NOx SIP call reductions inside its modeling domain, it must submit rules to implement the NOx SIP call controls in Wisconsin. Fassbender said that, theoretically, if our modeling domain only included southeastern Wisconsin, the state could assume that the NOx SIP call was implemented everywhere else and not make reductions in southeastern Wisconsin. Bruss said if Wisconsin makes that assumption, we lose any leverage we might have with Illinois and Indiana. Harold Frank asked about filing section 126 petitions; Eagan replied that those petitions are a "hammer" not a lever, and where they have been successful, the petitioning state has implemented controls locally. Eagan said DNR has to be prepared either to implement the NOx SIP call, if the legal stay is revoked, or if not, to submit the attainment demonstration in December, so we have to prepare for both possibilities.

Rate of progress emission reductions -- Dennis Koepke presented a worksheet that adds the 1990 emissions base to the numbers discussed at the December Task Force meeting. In 2005 and 2007 Wisconsin will have a shortfall on ROP reductions. We will need an additional 12 tons of VOC reductions plus another 10 tons of contingency measure reductions (22 tons, a total of 7%), and in 2007 we will be 33 tons short (a total of 11%). Koepke noted that NOx reductions from electric generating units account for about 40% of NOx reductions in the six severe nonattainment counties. In the "main area" being considered for ROP reductions (entire state minus northwestern Wisconsin and the 9 severe and moderate counties), we would get more than enough NOx reductions to meet our ROP requirements. EGUs account for 40-50% of NOx emissions statewide. Steve Hirshfeld asked what would be the ending year for ROP reductions; Koepke said that if the state fails to attain the 1-hour ozone standard by 2007, it will violate the Clean Air Act's attainment deadline. This would require an additional 3% reductions per year until attainment is shown. Bruss said Wisconsin will need significant NOx reductions to attain the ozone standard; regardless of which geographic area is assumed for NOx controls, making those reductions would enable us both to meet our ROP requirements and attain the ozone standard if we make the reductions soon enough. Koepke said that 2005 is the critical milestone year for ROP. Koepke and Bruss will talk with EPA about how to quantify the reductions taking place through the Wisconsin Partners for Clean Air program, so that the state can get credit toward ROP for those reductions.

Miscellaneous business: Eagan reminded the participants that the January 31 meeting is really an "introduction to modeling" seminar. There will also be a transportation stakeholders' meeting on January 18. Materials will be posted on DNR's website. She asked transportation stakeholders to send their questions about the phase 2 submittal to Larry Bruss as soon as possible so DNR could develop answers prior to the January 18 meeting.